

CONSUMER ADVISORY WARNING
For Potential Users Of
Credit Repair, Debt Management & Debt Settlement Companies

In conjunction with a weakening economy, many Americans are facing a record amount of consumer debt and are searching for ways to repay their debt instead of filing for bankruptcy. This situation has created an increased need for credit counseling companies who provide adequate counseling with respect to client problems that includes an analysis of client's current financial situation, determination of what caused the financial problems and development of a plan to remedy the financial crisis without incurring negative amortization of the client's debt.

Historically, credit counseling agencies have been relatively small, community-based non-profit organizations providing consumers with individual advice and assistance. However, due to the increasing number of financially distressed individuals, several unscrupulous non-profit and for profit companies are trying to take advantage of these consumers.

Therefore, the Mississippi Department Banking and Consumer Finance feels it is necessary to issue a consumer advisory warning to Mississippians about the increasing number of scams involving credit repair, debt settlement and debt management services. These scams typically advise clients to stop paying creditors to correct credit repair problems, enroll all clients in debt management plans without offering actual credit counseling, and claims of debt elimination for a one time up front fee. Other characteristics of potential scams include the charging of excessive fees upfront and not accurately disclosing fees charged. Most of these scams are from out of state companies advertising via the internet, newspaper, television, flyers and signs posted in the state. These companies usually do not have a physical presence in Mississippi.

Consumers who are trying to reduce or eliminate debt are working toward an admirable goal and it is unconscionable to take advantage of these efforts. Mississippi citizens should always be wary of companies or individuals who are making unreasonable promises or demands to restore credit or reduce debt.

Residents should be aware that these companies are to be licensed and regulated by the Mississippi Department of Banking and Consumer Finance. Anyone considering the services of a credit repair, debt settlement or debt management company should confirm the company is properly licensed in Mississippi prior to signing any agreement by checking the listing of licensed debt management service providers at www.dbcf.state.ms.us or calling the Department of Banking and Consumer Finance at (800) 844-2499. If the company is not licensed, then this company is not authorized to provide credit repair, debt settlement or debt management services to Mississippi residents. Any funds paid to these companies are at risk of loss or may take an extended period of time to recover any funds.

There are numerous companies licensed and authorized to provide credit repair, debt settlement or debt management services to Mississippi residents. The Department of Banking and Consumer Finance cannot recommend any licensed company; however, the Department can verify if a company is licensed to do business in Mississippi.

ISSUED FEBRUARY 26, 2008